

MINUTES

MONTANA HOUSE OF REPRESENTATIVES 58th LEGISLATURE - REGULAR SESSION

JOINT APPROPRIATIONS SUBCOMMITTEE ON EDUCATION

Call to Order: By **CHAIRMAN DONALD L. HEDGES**, on January 28, 2003
at 8:05 A.M., in Room 102 Capitol.

ROLL CALL

Members Present:

Rep. Donald L. Hedges, Chairman (R)
Sen. Royal Johnson, Vice Chairman (R)
Sen. John Esp (R)
Rep. Eve Franklin (D)
Sen. Bea McCarthy (D)

Members Excused: Rep. Rosalie (Rosie) Buzzas (D) arrived at 8:15
Rep. Dave Lewis (R)

Members Absent: None.

Staff Present: Mark Bruno, OBPP
Pam Joehler, Legislative Branch
Diana Williams, Committee Secretary

Please Note: These are summary minutes. Testimony and
discussion are paraphrased and condensed.
Tape counter notations refer to the material
immediately preceding.

Committee Business Summary:

Hearing & Date Posted: Board of Regents, Office of the
Commissioner of Higher Education
(OCHE)

Executive Action: None

HEARING ON BOARD OF REGENTS,
OFFICE OF THE COMMISSIONER OF HIGHER EDUCATION (OCHE)

CHAIRMAN HEDGES said that the first order of business is to have Ms. Joehler, Legislative Fiscal Division, give an overview of the judiciary responsibilities of this Subcommittee in terms of the appropriation authority with regard to the University System.

Ms. Joehler said that she wanted the Subcommittee to be aware of the unique features that govern the University System's appropriations. She started on Page E-95 from the Legislative Budget Analysis 2005 Biennium.

Ms. Joehler went over the guidelines that the legislature must consider in the appropriation process. Then she talked about how the appropriation for the University System is set. There are two types used. One is the line-item appropriation and the other is the lump-sum appropriation. Page E-96 explains in more detail how some of the line item appropriations are placed in a lump-sm appropriation.

EXHIBIT(jeh18a01)

Ms. Joehler further stated that in the second day of the session the legislature reduced the starting point of the University System, effectively decreasing the executive budget by \$12 million a year. She supplied the Committee a handout that showed the impact of that motion by programs. It's a birds eye view of the impact (Exhibit 2).

EXHIBIT(jeh18a02)

She distributed a set of tricolored sheets that ties the 2000 adjusted base to the Executive Budget. She explained what each of the four sections on the page represent. Included in these documents are the University System's Summary; separate sheets for each of the programs that are contained within the Commissioner's Office; and the back page, Community Colleges.

EXHIBIT(jeh18a03)

{Tape: 1; Side: A; Approx. Time Counter: 0 - 13.4}

Questions from Committee Members and Responses:

SEN. JOHNSON wanted to know if the University System doesn't reach their enrollment targets, is there reversion language in HB2. **Ms. Joehler**, said that the executive isn't recommending that

the reversion language be included because of the reductions that were proposed in the Executive Budget Decision Packages. She further explained the grey section (Executive Budget Decision Packages Summary). The total Executive Decision Packages was a \$3 million reduction from the Fiscal 2000 adjusted base level.

{Tape: 1; Side: A; Approx. Time Counter: 13.5 - 15.5}

REP. BUZZAS wanted to know if the special session reductions are included in the "Legislative Budget and Reduction Determination" section (tricolored sheets - top portion (white)- Exhibit 3).

Ms. Joebler said that they were in the grey section or the "Executive Budget Decision Packages Summary" section. She further explained the "white section."

{Tape: 1; Side: A; Approx. Time Counter: 15.6 - 16.8}

Overview of OCHE:

Rod Sundsted, Chief Fiscal Officer for the Montana University System, said that with this presentation, he would like to have the Committee become aware of all of the programs that are at the office as well as to provide an understanding of what is done at the Commissioner's Office.

Mr. Sundsted said that there are only two significant issues in the budget as it stands. One is in the Office of Administration Program and the second is in Student Assistance.

With this part of the presentation the staff of the Office of Administration Program sat at the tables. **Mr. Sundsted** gave an overview and then each of the staff explained what their duties were. He provided a booklet for this part of the presentation which is Exhibit 4,5,6,7. The booklet is an overview of the Office of the Commissioner of Higher Education (OCHE).

Mr. Sundsted explained Pages 1 to Page 9 (Exhibit 4).

The staff presented their part in the overview of the Office Administration, Fiscal Affairs and Legal Division, Pages 9 to 16 (Exhibit 5). Each staff person presented their duties, except with Sherry Rosette. She was not present so **Mr. Sundsted** went over her duties (Page 10) as well as his duties (Page 11).

Some of the staff that is part of Academic and Student Affairs, Administration presented their duties to the Committee and is Exhibit 6.

In addition to what is on Page 20 (Exhibit 6) **Ellen Swaney** explained in greater detail what she is doing.

Exhibit 7 is Page 21 to 29 of the booklet.

EXHIBIT(jeh18a04)

EXHIBIT(jeh18a05)

EXHIBIT(jeh18a06)

EXHIBIT(jeh18a07)

{Tape: 1; Side: A; Approx. Time Counter: 16.9 - 29.8}

{Tape: 1; Side: B; Approx. Time Counter: 0 - 27.8}

{Tape: 2; Side: A; Approx. Time Counter: 0 - 7.9}

Questions from Committee Members and Responses:

SEN. JOHNSON asked various questions over the court case that is dealing with the resident and nonresident tuition issue. **Mr. Schramm, Chief Legal Council**, explained the case and said that he is the only person working on the case. There has been no additional cost outside his salary. He wasn't sure of who was paying for the private plaintiffs' fees but said that there is no additional state money or student fee money paying for this case.

SEN. JOHNSON asked about the MUS Banner Systems. He wanted to know how it is working so far as its' communication between the state system and the university system. **Laurie Neils, Director of Budget and Accounting**, said that there are two options now to get the financial data. One is through SABERS and the other is through the Banners System. In addition there is the BIP project that allows the legislative branch, the executive branch, and OCHE to go directly into the Banner System and retrieve data. She said that the next phase of the BIP project is to look at Human Resource and see if that information can become part of the system. This phase will be dependent upon finances.

{Tape: 2; Side: A; Approx. Time Counter: 8.0 - 13.6}

CHAIRMAN HEDGES wanted to know if there were statutes that the legislature should be looking at to make the legal counsel's job easier. **Mr. Schramm** said that he couldn't think of any. He explained that the University System's statutes are a "convoluted mess" but he is of the opinion "let sleeping dogs lie" because he doesn't know if these statutes are making his job any harder.

{Tape: 2; Side: A; Approx. Time Counter: 13.7 - 16.5}

Student Assistance Program:

Mr. Sundsted and Laurie Tobol presented the WICHE/WWAMI program and Arlene Hannawalt talked about the other state MTAP program and the grants for higher education.

Mr. Sundsted explained that with Exhibit 8 the first page is a summary of the WICHE/WWAMI program in FY04 and FY05 if the Governor's Budget is adopted. It shows the support fee amounts and the costs of those various students that are in the program. On Page 3 it shows the 2005 Biennium shortfall calculation from FY 2000 base. The second page shows an example of what the program might look like if the 2000 base is adopted for this program. **Laurie Tobol, Student Assistance Program Manager**, said that if the program had the 2000 base to work from, a total of 95 slots would have to be eliminated over the biennium and then she broke down that number into the specific categories.

EXHIBIT(jeh18a08)**Questions from Committee Members and Responses:**

REP. BUZZAS wanted to know what happens to the students that are currently part of the WICHE/WWAMI program when a budget reduction like this proposed one is mandated.

Mr. Sundsted said that only new students will be affected. The students currently in the program would continue. There are two impacts that would occur if the reduction took place. One is in the application process and the other is the Montana Rural Physician Incentive Program (MRPIP), which is funded through these students. MRPIP would be discontinued until 2010 because there wouldn't be enough funds to grant the repayment of the qualified medical education loan of the physicians that are in the program.

Mr. Sundsted's request for the level of funding for the WICHE/WWAMI is to restore the program to the current level. If that isn't possible then he asked that the Committee determine a level of funding for the program that the Legislators feel the State could support over the long run. Once the level is set then the program would be set at level of funding. He said that this would be a more practical approach than what has been done in the past.

Ms. Tobol made two comments. One was that the students are far enough along in the application process to this program for this upcoming year that it would be a hardship on those students in the beginning student slots if the funding isn't appropriated.

The other comment that **Ms. Tobol** made dealt with the WWAMI slots that are at the University of Washington and the WICHE Vet. Program. She said that if the slots were not being allocated for the beginning student, the university doesn't have to admit the students. With the WICHE Vet program, there is a pre-ranking that takes place that determines which students will be funded in the event that the State has funding. She said that those rankings have taken place. The Universities are waiting on the funding. She said that the students would be overlooked if WICHE funding is not available.

SEN. McCARTHY wanted to know if Montana doesn't pick up those slots, would Washington schools allocate them to another state and what the process would be to get the slots back if future funding occurred.

Ms. Tobol said that she wasn't sure what the University of Washington would do. She said that the slots may be offered to nonresident (non-Montana) students. She thought if the WWAMI slots were reduced, it would take a long time to get those slots back because eventually other states would be allocated those slots.

{Tape: 2; Side: A; Approx. Time Counter: 16.6 - 29.6}

SEN. JOHNSON wanted to know if it was true that 80 students are going to be disappointed no matter what happens in the WWAMI program.

Ms. Tobol said that there are approximately 91 to 95 Montana students who have applied for certification for the WICHE/WWAMI medical programs at this time. The kids are competing for the 20 beginning spots at University of Washington and the six WICHE medical spots.

SEN. JOHNSON said that all those people who are competing are at the same spot in their efforts. **Ms. Tobol** said, "Yes."

{Tape: 2; Side: A; Approx. Time Counter: 29.7 - 30.2}

{Tape: 2; Side: B; Approx. Time Counter: 0 - .7}

With The WICHE/WWAMI/MINNESOTA DENTAL Student Assistance Programs there is a handout and is Exhibit 9. There is an additional handout on the Montana Rural Physician Incentive Program.

EXHIBIT(jeh18a09)

EXHIBIT(jeh18a10)

Arlene Hannawalt, Director of the Montana Guaranteed Student Loan Program, said that if the student assistant programs that she works with were to go back to the 2000 year base, the MTAP program would lose approximately \$450,000 and the State-Work-Study Program would be reduced by \$40,000. The cut in the MTAP program would affect about 800 students, and the cut in the Work Study Program would affect 40 to 45 students. She wanted to congratulate the Legislation on the Montana Tuition Assistance Program (MTAP). With the funding that has occurred in the last two legislative sessions the program has been successful. She said that this program has made a huge difference for students.

Ms. Hannawalt explained the colleges who are participating in the student assistance program (financial aid), who is eligible for the program, and that the federal dollars associated with these programs goes to the private colleges. She said that the only higher education institutions that are eligible to participate in the State-Work-Study program are the universities because the funding comes only from the State. With the other programs there is a mixture of state and federal dollars.

Ms. Hannawalt then discussed the increased cost of getting an education in Montana. She said that several years ago it cost \$9,000 a year; now it is almost \$13,000. She said that this increase affects the low income families. She said, "We need to be concerned about those kids who have no assistance with the families and how are they going to become tax paying members in our society." She brought a person to tell her story.

{Tape: 2; Side: B; Approx. Time Counter: .8 - 4.2}

Tina Wager, first generation college student, told her story and what the difference financial aid has made to her.

EXHIBIT (jeh18a11)

{Tape: 2; Side: B; Approx. Time Counter: 4.3 - 9.4}

Ms. Hannawalt said that she received copies of the reports that the financial aid officers send to the federal government. She said that these reports break down the students that are served by income. She said, "We have 5,000 Tina's in our University System. We have 5,000 students whose family income is less than \$13,000. We have 11,000 students whose family income is less than \$24,000. We have great need in this state."

Ms. Hannawalt discussed the debt load that the students are facing. She said that Tina's loan is \$20,000 whereas the average was between \$14,000 and \$15,000. Now the average is \$21,000.

The max that can be borrowed under the federal subsidized program is \$23,000. She said, "We are maxing them out. I think, I hope you will consider these, when you are making your decision."

Mr. Sundsted said that the presentation over the Student Assistance Programs is complete.

{Tape: 2; Side: B; Approx. Time Counter: 9.5 - 11.6}

The tour to the University of Montana was discussed. **CHAIRMAN HEDGES** explained to the public that a five minute or less presentation would allow the hearing to get over before noon.

{Tape: 2; Side: B; Approx. Time Counter: 11.7 - 13.3}

Opponents' Testimony: None

Proponents' Testimony:

Will Hammerquist, on behalf of the Associated Students of Montana State University Bozeman (ASMSU), said that with the programs that are being discussed today, the Governor's proposed budget was reduced roughly three percent from present law whereas with the other programs there was a 21 percent reduction from present law base. He said, "That is a substantial difference," and one could infer then that these programs are an important part of the University System's budget.

Mr. Hammerquist said that with the 25,000 resident students who attend Montana's Universities, the families do bear the cost of the financial burden of higher education. He provided the Subcommittee a graph that shows 31 years of the cost of Higher Education as a percentage of per capita personal income (Exhibit 12). The data was derived from the US Census Bureau and MSU webpage. He urged the committee to take into consideration the historical perceptive of the cost of education when the funding level is determined both for the educational units and student financial aid.

Mr. Hammerquist addressed the tuition increases that may occur if the budget stays at the fiscal 2000 base level. He urged the Committee to take into consideration that if tuition is going to increase, don't simultaneously cut state financial aid. He said that a double impact to Montana's families who have students in the system would occur.

Mr. Hammerquist provided a document that showed an example of how much the cost of attendance is for a student who has been awarded

some scholarships. In the document there is also a brief explanation of some of the scholarships (Exhibit 13).

EXHIBIT(jeh18a12)

EXHIBIT(jeh18a13)

{Tape: 2; Side: B; Approx. Time Counter: 13.4 - 17.6}

Sarah Cobler, representing the Associated Students of University of Montana (ASUM), made three statements. She talked about the increasing cost of tuition. She said that in the academic year of 1990, the average bill for tuition, fees, and living expenses was \$6,800. In 2003 and 2004 it climbed to \$13,700. What that means today is that roughly 8,450 students, or 65% of the University of Montana's total enrollment, are taking out loans to pay for school. So this means that there is a significant need for financial aid.

Ms. Cobler's second comment dealt with financial aid. She said that presently, Montana ranks sixth lowest in the Nation in terms of state funding for students' scholarships, and last in the western region with respect to state appropriations for graduates. She said that MTAP does meet some of the needs of the low income students in the State.

Ms. Cobler explained to the Subcommittee what the MTAP baker grants are as well as what they do for the students. She said that the grant is set up in effort to encourage students to maintain a work ethic while in school and still qualify for financial aid. She said that this is a highly desirable program within State supported financial aid to students.

Ms. Cobler urged the Committee to support all of these student aid programs that are available through the University Systems.

{Tape: 2; Side: B; Approx. Time Counter: 17.7 - 21.1}

Linda Johnson, second year medical student with the University of Washington, told the Subcommittee about the opportunity she had because of her participation in the WWAMI program. She said that through the Rural Undistributed Opportunity Program (RUOP) she went to Wolf Point and was involved in a research project as well as a community project. She explained the benefits that she received as well as the benefits that she provided to the community. She felt that she may not have been able to have had this opportunity to help the community in rural Montana without the support of the WWAMI program.

{Tape: 2; Side: B; Approx. Time Counter: 21.2 - 23.8}

Courtney Paterson, Student, Year 2002 WWAMI class, talked about the impacts that she felt might happen if the budget stays at the 2000 level and not restored to the 2002 level.

Ms. Paterson said that the advantage of the WWAMI program is that the education is affordable which allows the graduates to come back to Montana to practice. The State of Montana helps the students come back and practice in Montana.

Ms. Paterson said that the main concern she has is that there is a contractual agreement between the Board of Regents and Montana and Washington which says the cost will be paid of educating 20 Montana students. She said that if the budget isn't restored one option would be to pass along the cost of that education to the students themselves. Presently she has \$20,000 in debt for her undergraduate degree and if the debt load becomes \$200,000 she said that there wouldn't be an option to come back to Montana. She said that her classmates also wouldn't want that type of a debt load either, or not have the opportunity to come back to Montana.

Ms. Paterson asked the Subcommittee for their continued support of the WAMMI programs and to help restore the funding for the WICHE/WWAMI program that has served the State of Montana and continues to serve today.

{Tape: 2; Side: B; Approx. Time Counter: 23.9 - 26.2}

The second student addressing the impact of the WWAMI budget is **Joe Chiovaro, 2002 WWAMI class.** He said that in addition to the impacts that have been mentioned, access to medical education would be affected by this 2000 budget. He said the number one goal of the WWAMI program is to provide access to those folks who don't have an instate medical school. There is no Montana medical school; for that reason Washington is used. He said that the funding and the student's education is contingent on the funding provided by Montana.

Mr. Chiovara explained the three aspects that come into play when a student is applying for the WWAMI grant. Besides being competitive and expensive he addressed the issue of being territorial, which leads to access problems. He said that Washington last year received around 1,600 plus application from non WWAMI students.

Mr. Chiovara said, "Our home institution is Washington and the WWAMI program is the reason why we have that home institution. Since we want to come back to Montana and are from Montana we need this funding to ensure that we can come back here." He

appreciates the opportunity he has because of the WWAMI program and he hopes that future students can have the same opportunity.

{Tape: 2; Side: B; Approx. Time Counter: 26.3 - 28.0}

{Tape: 3; Side: A; Approx. Time Counter: 0 - .9}

John Broyles, on behalf of the 148 members of pre-veterinarian program at MSU, said that there will be three of the 23 qualified students this year who applied through WICHE to vet school that will provide testimony. He talked about the history, the debt load and how many Montana vets are graduates from WICHE schools. His written testimony is Exhibit 12.

EXHIBIT(jeh18a14)

{Tape: 3; Side: A; Approx. Time Counter: 1.0 - 5.2}

Loni Queer, pre-veterinarian student at MSU, talked about the financial situation of people who choose to pursue a career in veterinary medicine. She provided the facts and figures and her written testimony is Exhibit 15.

EXHIBIT(jeh18a15)

{Tape: 3; Side: A; Approx. Time Counter: 5.3 - 10.0}

Chris Gebhardt, graduate of MSU-Bozeman, and on behalf of the pre-veterinary club in Bozeman, handed out a document which he called "leaflets."

The first document provides a historical perspective of the WICHE program and discusses what the budget cut will do to this program. The conclusions from the internal audit of all of the WICHE/WWAMI/Minnesota Dental programs in 1996 are presented as well as information on the projected workforce needs in the area of veterinary medicine from 1994 through 2005 (Exhibit 16).

Exhibit 17 and 18 are letters from various Montana residents that are writing in response to the funding issue of WICHE in this Legislative Session and are part of the "leaflets" that were handed out.

Mr. Gebhardt's written testimony is Exhibit 19. He talked about the job market for veterinary practice in Montana, and addressed the debt load that would occur if the WICHE support wasn't available. In addition to his written testimony he said that a recent graduate, Dr. Keith Farguhar, DVM, said that of the seven graduating WICHE veterinarians from 2002, four have returned to Montana to practice.

EXHIBIT(jeh18a16)

EXHIBIT(jeh18a17)

EXHIBIT(jeh18a18)

EXHIBIT(jeh18a19)

{Tape: 3; Side: A; Approx. Time Counter: 10.1 - 17.5}

Pat Melby, representing the Montana Medical Association, said that this Association is very, very much in support of the WICHE/WWAMI and Minnesota Dental programs and opposed to the cuts that are suggested by the rollback to the 2000 levels. He explained how with his profession (law), he was lucky by having a state school that provided the education but with other professions like veterinary, dental, etc., there is no state school available. The WWAMI/WICHE Minnesota Dental programs have been very effective in an efficient way to assist Montana residents to go out of state.

Mr. Melby said that the Association is very concerned that the cuts will devastate the WICHE/WWAMI program. The students will have to pay out-of-state tuition themselves and will most likely not be able to return due to the debt load that has occurred by receiving this education. He said that the Rural Physician Incentive Program that assists physicians to come back to practice in under-served areas, would also be discontinued.

Mr. Melby said that for all of the reasons stated, the Association strongly urges the Subcommittee to restore funding at least to the current levels for the WICHE/WWAMI and Minnesota programs.

{Tape: 3; Side: A; Approx. Time Counter: 17.6 - 20.1}

Dr. Brian Martin, internist from Great Falls, and WWAMI product, provided his perspective. He owns a business in Great Falls and provided the Subcommittee facts and figures over the costs and revenues that are provided because of his business. **CHAIRMAN HEDGES** asked Dr. Martin if he would be willing to provide written testimony. Dr. Martin said that he could and is Exhibit 20.

EXHIBIT(jeh18a20)

{Tape: 3; Side: A; Approx. Time Counter: 20.2 - 25.7}

Diana Sandnes, MSU WWAMI student, addressed the competitive situation that medical students face when trying to enter professional education. She explained how she had the support to receive an excellent education, that she was an excellent student and told the Subcommittee about her application process.

Ms. Sandnes said that she has been going to school with the 20 other WWAMI students who are like her. There are 80 other students who are probably as qualified that didn't get in. One in five students are accepted in this program. She asked that the proposal doesn't get cut to one in ten. She asked that the funding level be at the 2002 level.

{Tape: 3; Side: A; Approx. Time Counter: 25.8 - 28.2}

Stuart Doggett, representing the Montana Veterinarian Medical Association (MVMA), said that this Association is a statewide association representing over 400 veterinaries in the State. Many members are alumni of the WICHE program. At the recent winter meeting the continuation of the funding of the WICHE program was extensively discussed. He said that there is deep concern about the cuts and the Association supports the budget as it came out of the executive and oppose the rollbacks.

Mr. Doggett said that there are many benefits of the WICHE program and with the aging veterinarians that are practicing in Montana, this program is a way to bring veterinarians back to the State to be involved and to provide services in the State.

Mr. Doggett said that he was incredibly impressed by the articulate testimony and the facts and figures that he heard from the students. He said, "I commend them greatly."

MVMA offered its support of the WICHE/WWAMI program and asked that a letter from a recent graduate, Elizabeth Layne be submitted as testimony. **Mr. Doggett** said that in her letter she states that the WICHE program also ensures that there are enough new veterinarians that are available to fill the needs, especially in Montana's rural communities. And being from rural Montana she knows that there is a need for veterinarians both small and large animals. This program does a great service to this State.

EXHIBIT(jeh18a21)

{Tape: 3; Side: A; Approx. Time Counter: 28.3 - 30.0}

Steve Lowery, dental student, Minnesota Dental Program, said that he is in support of WICHE/WWAMI and especially the Minnesota Dental program. The Minnesota Dental program will allow him to go to dental school because it will be an affordable education. He believed that these programs are very important to other students in all kinds of healthcare professions and is important to Montana. The students can become doctors, dentists and vets

and come back to Montana to practice. He plans on practicing in the rural town that he grew up in.

Mr. Lowery said that last year he took an Introduction to Dentistry class at UM and there were six students. This year there were 25. So he believed that there is an increasing need for these student-assisted programs. He urged the Subcommittee to support these programs.

{Tape: 3; Side: B; Approx. Time Counter: 0 - 1.8}

Trevor Blyth, Student Body President at MSU, said that the students' arguments have provided some real numbers to the value of these programs. He said that OCHE supports these programs and ask that the funding level is reconsidered, and to provide funding that will support these programs that are provided to students.

Mr. Blyth discussed how these support programs become important because of the ever-increasing cost of tuition. These programs allow the student to attend the school. He also talked about the increased student debt load that is occurring. **Mr. Blyth** said that by increasing tuition and removing assistance programs that are offered, increases the situation that is unmanageable for many of these students. He said that these students may have to look for other options aside from a college education. So he asked that the Subcommittee consider maintaining the 2002 funding level for programs like WICHE/WWAMI, and MTAP so those students can have the opportunity for a college education.

{Tape: 3; Side: B; Approx. Time Counter: 1.9 - 3.9}

Dwight Phillips, Director of MSU-WWAMI program, and Assistant Dean at University of Washington, said that he would like to go on record as supporting some attempt by this Committee to restore the level of funding for the WWAMI program to a level appropriate for the needs of the programs which is just above the 2002 level even right now. The 2000 level would devastate the program. He explained the two alternatives that would happen if the funding isn't available (funding stays at the 2000 level).

Mr. Phillips explained that there is a contractual agreement and if the number of slots decrease it will cause problems with the contracts that are for the clinical training of these people. He implied that those contracts will have to be paid somehow even if the slots are reduced. Once the slots are reduced it takes years to get the clinical training slots back. He also talked about how some of the Montana clinical training sites would be affected if

the slots were reduced, so it will affect the entire medical delivery system if the slots are reduced.

{Tape: 3; Side: B; Approx. Time Counter: 4.0 - 7.1}

Dan Gelan, Senior at MSU-Northern and President of the Montana Associated Students had two points to make. Being a hopeful WWAMI student he was concerned that if the slots were cut would the positions ever be reinstated and how long it would take to have them reinstated.

The other point dealt with the associated students organization. **Mr. Gelan** said that there is a lot of prep work that needs to be done prior to meeting with the Board of Regents and the Commissioner of Higher Education office is very strategic as far as getting the information that is needed. He said, "I speak out on behalf of the Commissioners Office that they are a very integral part of the Montana Associated Students Organizations."

{Tape: 3; Side: B; Approx. Time Counter: 7.2 - 8.9}

Jim Ahrens, President of Montana Hospital Association, said that the hospitals can't be run without healthcare providers and explained to the Subcommittee about being on the Governor's Workforce Shortage Task Force and how they never envisioned that the WICHE/WWAMI program would be cut.

The WWAMI program provides competent, well-trained healthcare professionals. Because of the cost of the education, it gives the students an opportunity to become healthcare professionals. A lot of these students in these programs couldn't do it otherwise.

Mr. Ahrens urged the Subcommittee to support the program. He provided figures that he felt showed that the WWAMI program is a good investment for the State.

{Tape: 3; Side: B; Approx. Time Counter: 9.0 - 11.8}

CHAIRMAN HEDGES made a comment on behalf of the Committee. He said, "I think we are genuinely proud of the testimony that was heard this morning and the appearance and the articulate students that we are producing."

Questions from Committee Members and Responses:

SEN. JOHNSON complimented OCHE in their production of the book that was used in the public hearing. He said, "That's as much information about what goes on over there that I have ever seen

in one booklet." He said that the book is an asset. He thought having the staff sit at the table was an excellent way to present the information. He thanked them.

{Tape: 3; Side: B; Approx. Time Counter: 11.9 - 13.2}

REP. FRANKLIN wanted to know what Will Hammerquist's position is. **Mr. Hammerquist** said that he is MSU's Student Body Representative to the Legislature this Session. He said that he isn't elected. Trevor Blyth who is the elected student body president is his boss.

REP. FRANKLIN asked to talk to Trevor Blyth. She asked him if he felt that he a lot of ability to influence students. **Mr. Blyth** said that he is well informed enough and has enough rapport with students that he felt that the students would trust his judgement. He would help the students out in any way that is needed.

REP. FRANKLIN asked if that included the WWAMI/WICHE students. **Mr. Blyth** said, "Yes."

REP. FRANKLIN had a favor to ask of Mr. Blyth. **REP. FRANKLIN** said that she wants to go on record saying that she really supports the WICHE/WWAMI program. She would support attempting to increase funding. She said, "In 20 years someone is going to be paying for my medicaid bed and my grandchildren's education and a half of dozen other things. Ask your student colleagues when they are established in practice 25 years, of middle income people, paying on a house, don't ever complain about paying taxes." **Mr. Blyth** said that he would pass that statement on.

{Tape: 3; Side: B; Approx. Time Counter: 13.3 - 15.8}

The following deals with I146 and the \$9 million that is earmarked for the tobacco prevention program. There is a proposal to spend \$2.25 million a year on advertising the dangers of tobacco.

SEN. ESP asked Jim Ahrens if he would have to make a choice between the two programs, tobacco prevention and WICHE/WWAMI, which one is more important. **Jim Ahrens** believed that there will be negotiations on I146 and accommodations made. He said that both programs are beneficial but he said that he would probably rather have dollars put into the WICHE/WWAMI program.

Mr. Ahrens said that the voters voted for the money to go into the tobacco prevention though. He said, "If that had not been done, those dollars would have been spent already. At least the

legislature now has an opportunity to use several million dollars where they choose in a different way."

{Tape: 3; Side: B; Approx. Time Counter: 15.9 - 18.3}

SEN. McCARTHY said, "In the vote that was taken in November the voters of Montana put an additional amount of money into tobacco education. Would it be an inappropriate use, one time, of some of that money, to put it into the WICHE/WWAMI program?" [This is not the trust that SEN. ESP and Mr. Ahrens were talking about.]

Mr. Ahrens said, "No, it wouldn't be an inappropriate use. It was set aside for prevention, for those who can't get insurance and for the CHIP program. I'm a realist too, the legislature can do what they want so the money probably should be used where it is most importantly needed in this point in time."

{Tape: 3; Side: B; Approx. Time Counter: 18.4 - 19.9}

SEN. ESP asked Mr. Ahrens, "Would you be willing to support a compromise that involved using some of that money in different ways, that you thought were appropriate ways?" **Mr. Ahrens** said, "Yes."

REP. BUZZAS gave her viewpoint of what prevention is. She made a comment about the proposed advertising dollars and said that these dollars are just a small part of tobacco prevention.

REP. BUZZAS said, "I also think it is unfair to be negotiating these kinds of deals at this Subcommittee level. I think we need to take all of the proposals through the process and see where we end up."

CHAIRMAN HEDGES said that he thought this is where the process starts.

{Tape: 3; Side: B; Approx. Time Counter: 20.0 - 21.6}

Mr. Sundsted said that the federal programs haven't been discussed yet and asked **CHAIRMAN HEDGES** if he wanted to discuss these now or later. **CHAIRMAN HEDGES** said, "Lets go down through them to make sure we are all aimed in the right direction."

Federal Programs:

Dr. Joyce Scott, Deputy Commissioner for Academic and Student Affairs, said that OCHE does operate a number of federal programs. The statewide projects have been developed for areas that may not have sufficient services. Some programs are focused

on low income families. She said that in recent research it was found that 30% of children 18 and under grow up in poverty.

Dr. Scott said that some of the programs address students' needs and helps them reorient them toward having college to be a very important part of their lives.

Arlene Parisot, State Director of Career and Technical Education and Workforce Development, gave a brief overview of the Carl Perkins initiative that support career technical education. The issue here is the State match that is required for the federal dollars to be allocated. At the 2000 level the match was estimated at \$76,000.

Ms. Parisot said that the federal investment is approximately \$2.7 million (two-year education level). This is disbursed in a variety of ways. But the match itself is through the administrative portion. She said that the match is a fairly small investment of general funds for a large return and asked to restore at least the 2000 level or possibly \$80,000 which has been allocated in previous years. She briefly indicated how these funds are utilized within the state.

More details of the Carl Perkins funds can be found on Page 21 of the booklet that OCHE provided (Exhibit 7).

{Tape: 3; Side: B; Approx. Time Counter: 21.7 - 28.0}

{Tape: 4; Side: A; Approx. Time Counter: 0 - 1.6}

Rene Dubay Director of the Talent Search Program, and Co-Director of the Gear Up Program, said that through these outreach programs low income students are provided the equal chance and equal choice of getting ready for and desiring and seeing that college is relevant. She explained the Talent Search Program. More information can be found on Page 22 (Exhibit 7).

GEAR UP program stands for Gaining Early Awareness & Readiness For Undergraduate Programs. **Dr. Scott** said that Pages 23 to 25 in the handout (Exhibit 7), provide the facts to the program. She said that each year an essay contest is done with all the 43 GEAR UP schools and the best essay winners are awarded a \$250 college savings account scholarship. The 2002 publication is Exhibit 22.

EXHIBIT (jeh18a22)

Ms. Hannawalt talked about the Montana Guaranteed Student Loan Program. She passed out brochures that gave broader information about the program. She said that what is needed is approval of

spending the appropriations. She said that three new FTE are requested for this program because of the growth in the program. The Legislative Fiscal Audit for the Fiscal year ending June 30, 2002 was also provided to the Subcommittee and is Exhibit 25.

EXHIBIT(jeh18a23)

EXHIBIT(jeh18a24)

EXHIBIT(jeh18a25)

Glen Leavitt, Director of Benefits, said that about \$40 million will be spent for benefits. The kind of trends are medical is at about 15%, prescriptions is at about 20% for an overall increase of just over 15%. And at that rate that \$40 million will double in six years.

Mr. Leavitt said that this year, propriety funds will be used. The employer will pay about \$27.7 million and the employees will pay about \$12.3 million out of their own pockets for that care.

Mr. Leavitt's duties and explanation of the program can be found on Page 29 (Exhibit 7).

CHAIRMAN HEDGES explained the schedule for the following days. He thanked Dr. Crofts for all the years of service to education community and wished him luck.

{Tape: 4; Side: A; Approx. Time Counter: 1.7 - 13.2}

A document was provided to the Subcommittee that has letters written by the students who use the assistance of the MTAP Baker Grant in their schooling. The cover page says "Dear Legislators: Thank you for the MTAP Baker Grant! Cutting the funding for this program would affect over 800 students."

EXHIBIT(jeh18a26)

Two other documents were found after the hearing. One was a petition from the Pre-Veterinary Club and the other was a pocket folder that had various documents on the WWAMI program. Both of these documents were submitted into record on January 30, 2002, Exhibit 3 and 4.

EXHIBIT(jeh18a27)

Exhibit 27 is a composite of Exhibits 4, 5, 6 and 7 in book form.

ADJOURNMENT

Adjournment: 11:28 A.M.

REP. DONALD L. HEDGES, Chairman

DIANA WILLIAMS, Secretary

DH/DW

EXHIBIT (jeh18aad)